

MID-ATLANTIC Thoroughbred[®]

April 2010 • \$5



REGION'S RACING PARTNERSHIPS

**EQUINE THERAPY FINDS NEW
FRONTIERS AT FAIR HILL**

**GROVE SWEEPS LAUREL'S
MAJOR WINTER STAKES**

West Point Thoroughbreds: a leader among region's racing partnerships

Founder/president Terry Finley traces the evolution of the far-flung company that annually ranks among the nation's major auction buyers. by Lucy Acton

It's the first Saturday in March, and West Point Thoroughbreds is loaded for bear. The black and gold silks will see action on both coasts and points in between, highlighted by the aptly named Awesome Gem, set to test his mettle for the first time as a 7-year-old in Santa Anita's Grade 1 Kilroe Mile, and Triple Crown hopeful Boulder Creek.

Like a general commanding his troops, West Point Thoroughbreds founder and president Terry Finley monitors the battle lines on all fronts. . . while keeping in mind that this is horse racing, and not some bloody war.

West Point Thoroughbreds, its headquarters located in a "high technology small business incubator" at Burlington County College in Mount Laurel, N.J., is the largest Thoroughbred racing partnership firm in the Mid-Atlantic region, if not the entire country.

With "98 percent" of its racing prospects purchased at auction, it is also one of the nation's major auction buyers, plans calling for the syndication

of approximately \$8 million-worth of horses in 2010.

Aiming for the top level of the sport, the far-flung operation currently has 90 horses in training, a roster of 440 clients, and a dozen full-time employees staffing divisions in New York, Kentucky and California.

That's serious business, indeed. Yet for many participants, the basic appeal of West Point Thoroughbreds is what client John Haines calls an "adult form of escapism"—which Finley and his team strive hard to provide.

"We are fully subscribed to the theory that people don't need a race horse in their portfolio," says Finley, a West Point graduate who holds a master's degree in business administration from Boston University. "So one is, we've got to offer them value. And two is, we've got to make sure they have as good an experience as possible."

LONG GREY LINE

The U.S. Military Academy at West Point aims to produce leaders. And although West

Point Thoroughbreds has no direct connection to its name-sake, the military influence is a big part of its branding.

In fact, Finley was still serving in the Army when he began assembling the foundation for the company in the early 1990s.

For that, he credits Saddam Hussein. The Iraqi dictator's invasion of Kuwait in August 1990, and ensuing Persian Gulf War, happened just as Finley was about finish his military commitment and launch a career in management at a medical supply firm, Ethicon.

The Army kept him for nearly four more years. During much of that time, Finley was stationed at Fort Dix Army base in New Jersey, in close proximity to East Coast race tracks, with just enough extra time on his hands to begin exploring the world of Thoroughbred ownership.

"It was the perfect spot to start an endeavor like this," says Finley, who went through Airborne and Ranger schools as a young Army lieutenant and left as a captain.

Despite fond recollections of his years at West Point, Finley was "not as passionate about the Army as I knew I'd need to be to stay in it for 20 years."

But he and his wife, Debbie, high school sweethearts who married six months after his West Point graduation in 1986, shared a growing passion for Thoroughbred racing.

Finley, now 46, grew up in the Philadelphia area, as the youngest of seven children and the only one in the family to inherit his father's avid racing fan gene. The elder Finley's job as a high school chemistry teacher didn't allow for much discretionary spending. After classes let out for the day, Terry and his father often headed to the track for "the last two," when fans were let in for free after the horses broke from the gate for the seventh race. Brandywine, Delaware Park, Liberty Bell, Keystone (now Philadelphia Park)—all were favorite stomping grounds.

At age 12, Terry found his first job on a race horse farm in Colts Neck. "I was always very

comfortable around horses; I always had a way with them,” he says. “I loved to hotwalk, loved to groom.” He worked at the farm for two years, then “snuck onto” the New York tracks, working for trainer Steve DiMauro.

Back then, Finley didn’t even dream of owning horses.

“My father actually got into a partnership back in the ’80s,” he says. “I remember how captivating and exciting it was for him. The horse had a decent amount of success. It always stuck in my head—how much excitement that brought in. But at that time, I still looked at the racing business as an insider’s game. I had no visions of starting in it myself.”

The idea of owning race horses surfaced when Terry and Debbie returned to New Jersey in 1990 from a three-year Army assignment in Germany, and attended the New Jersey State Fair at Garden State.

“We walked through the race track stables and all those great memories came back to us,” says Finley. “That was really what started my thinking, and our thinking, of how do we get into this great business.

“We claimed a nickel claimer at Philadelphia Park. His name was Sun Belt. I was at Fort Lewis [in Washington state] on a temporary duty assignment when we ran Sun Belt first time off the claim [in 1991]. I remember calling Debbie and asking what happened. She said, ‘We won!’ It was a good start. But we realized how tough a goal it was. So we said what if we had some partners. We put a couple of ads in the back of the *Racing Form*—taking a shot in the dark that we could attract people.”

After his Army discharge in 1994, Finley filled in the gap selling life insurance for 18 months before the expanding partnership business could support his efforts full time.

“We really didn’t know much,” he admits. “We had some horses at Philadelphia Park. The same old story that a lot of people go through—we ground it out. Spent a lot of time at Timonium [auctions]



PHOTO BY Z

Terry Finley, a 1986 graduate of the U.S. Military Academy, attained the rank of captain in the Army before leaving the service in 1994. By that time he was already on his way to a career in the racing business.

and we’ve paid everybody. There isn’t anyone we’ve ever beat in the business.”

West Point Thoroughbreds’s first major investor came along in 1996—“A gentleman by the name of Bob English, who is actually still a client,” recalls Finley. “He had a tech company that was doing very well

with the tech boom. He invested and we had a shot to go out to Barretts [auction sales in California] and we bought some horses. People got to see that we were players at a little higher level.”

Until 2002, Terry and Debbie ran the entire operation themselves, with New Jersey-

based bloodstock agent Buzz Chace serving as their point man at the sales.

Debbie continues to run the New Jersey office, at the hub of the network. But in 2002, they hired their first full-time employee—a client and one-time Wall Street trader Rich Christiano, who remained with



LYDIA A. WILLIAMS

Top-flight bloodstock agent Buzz Chace (left) has served as Terry Finley's sales consultant for some 15 years.

the company for six years. Finley credits Christiano with taking them from a Ma and Pa organization into the mainstream business world.

Then in 2004, the company moved up several more notches with the hiring of present chief operating officer Josh Cooper. A certified public accountant with a background in racing, Cooper heads the Saratoga office.

"We can really see a rise in our business with Josh taking over the administrative side," says Finley.

Soon after that, former TVG host Jeff Lifson was brought on board to head a division in Louisville, Ky., and ex-jockey Jeffrey Bloom took on similar duties in San Diego, Calif.

WAITING FOR THE BIG ONE

The company was doing what it was supposed to do, buying good horses, winning

stakes (some graded, with top performer Seattle Fitz-Arg and others), and keeping the majority of its clients happy. But year by year, Finley's frustration grew. Ten years after signing on its first investor, West Point Thoroughbreds had yet to campaign a Grade 1 winner, or have a starter in the Kentucky Derby.

Then—not quite in a flash—came Flashy Bull.

A handsome gray son of Holy Bull purchased for \$205,000 at the 2005 Ocala Breeders' Sales Company February sale of 2-year-olds in training, Flashy Bull started as the second choice behind Barbaro in the Florida Derby-G1 and failed to fire. He went into the Derby as the 20th of 20, based on graded stakes earnings, and finished 14th. But his mere presence at Churchill Downs on the first Saturday in May in 2006 sent ripples of excitement through

West Point Thoroughbreds partnerships and far beyond.

"You don't realize how many people are paying attention when you have a Derby horse," says Finley. "You are getting calls from friends at college. . ."

Flashy Bull waited until more than a year after the Derby to give West Point Thoroughbreds its first Grade 1 win, however.

By June 2007, Finley was feeling star-crossed. And then the heavens opened up with five Grade 1 victories by four different horses in the last six months of the year.

"It was going to happen on Belmont Stakes day," says Finley. "We were 3-5 in the Acorn with Dream Rush, and we ended up running a good second, but Cot Campbell beat us [with Dogwood Stable's Cotton Blossom]. I just remember him walking by and I said, 'When is it ever going to happen?'"

"The following week, just at the last minute, we sent Flashy Bull to the Stephen Foster at Churchill Downs; he was 6-1 and he held on to win by a head."

Dream Rush went on to win the Test Stakes at Saratoga and Prioress Breeders' Cup Stakes at Belmont Park (both Grade 1), Lear's Princess defeated Belmont Stakes-G1 heroine Rags to Riches to win Belmont's Gazelle Stakes-G1 and Irish Smoke captured Saratoga's Spinaway Stakes-G1.

The Grade 1 roll "obviously attracted some more investors and gave us a shot to really establish ourselves," Finley comments. "It gave us some oomph, and said, 'We belong here.'"

Flashy Bull was sold to stud at Airdrie Farm after earning \$844,313. Dream Rush, a \$285,000 Ocala 2-year-old purchase, earned \$779,364 and brought \$3.3 million at the 2007 Fasig-Tipton Kentucky

November sale. And the following year at that same sale, \$491,870-earner Lear's Princess (a \$110,000 2-year-old sales purchase) went for \$2.7 million.

Other runners have since stepped up to fill the top ranks of West Point Thoroughbreds, namely Awesome Gem, the company's first millionaire as well as its first Breeders' Cup-placed horse (with a third-place finish in the 2007 Breeders' Cup Classic-G1), Justwhistledixie, a top 3-year-old filly performer of 2009, and the latest headliner, Macho Again, a Grade 1-winning earner of \$1,817,353 whose credits include a gutsy runner-up performance to Horse of the Year Rachel Alexandra in the 2009 Woodward Stakes-G1.

Stable earnings totaled nearly \$2.9 million in 2008, and more than \$3.8 million in 2009.

WEST POINT PHILOSOPHY

With Grade 1 wins eluding him at every turn, Finley could have figured that West Point Thoroughbreds was ripe for a shake-up. In fact, he believes, the breakthrough came from doing just the opposite.

"We haven't been static—we've made changes," he says. "But one of the things that's really helped us is the loyalty factor."

His statement is affirmed by bloodstock agent Chace, who says that in his 15 years of auction-buying for the company, Finley hasn't second-guessed him on a single purchase.

Finley says he adopted that philosophy from the Army: "When people are afraid to make a mistake, that's when you get into trouble. If you're afraid to take shots, and to make mistakes, then you don't put yourself in good positions. Yes, you're going to put yourself in bad positions but if you're with good people, that's a good trade-off. I'd rather be in a bad position once in a while than to be constantly looking for good spots."

When a trainer "goes on a bad streak, and he's just in a



bad way, he's not going to get fired," says Finley. "If a horse is coming off a layoff, well, put him in a claiming race. Don't worry, you've got to get a horse fit. You're going to get horses hurt, unfortunately, when you're getting them fit and they've got to compete."

West Point Thoroughbreds employs a dozen trainers, including longtimers Dallas Stewart and Craig Dollase. New York-based Tom Albertrani and Mike Hushion are among the more recent additions.

Says Finley: "I'm looking for people I'd like to be in a fox hole with. If you don't have a good feeling about going into a fox hole—it's kind of a cliché—but that's really what you're looking for. You're looking for people you can trust. And it doesn't work if when things are going good everything's fine, and when they're not and things are all messed up, everybody's an idiot."

"It's been a big part of our success and our performance, especially over the last couple of years. Everybody's aligned. If you're not aligned, you need to either get back in alignment or get off the team."

How does somebody become aligned?



West Point Thoroughbreds's current top performers include million-dollar earners Awesome Gem (top) and Macho Again.

LYDIA A. WILLIAMS (2)

GETTING DOWN TO BUSINESS

“You’ve got to keep buying” is Chace’s mantra.

It’s a game of numbers and West Point’s team scours all the nation’s major auctions every year, and has recently extended into Ireland, with the goal of making the numbers add up.

Chace is assisted at the sales by Kentucky-based agent Mike Shannon. “They get to the sales early, and are my advance men,” says Finley. “I don’t spend as much time at the sales as those guys do, because I’m running the business. By the time I get there, we immediately sit down and go through the potential short list.”

As to the selection process? “We don’t have a set template,” explains Finley. “We don’t use any types of aids. We don’t use heart monitoring or stride analysis or anything like that. I know plenty of people who do and have had a great deal of luck. We just think that we can see a horse that’s performed well, and we can see a horse’s mental capacity. And with the horsemanship that Mike and Buzz have, and with the business side that I bring in, we think it’s a real good team.”

“Are there bullet points that we have? Yes, we just try to get runners. As Buzz likes to say, ‘He’s a runner.’”

If a horse is entered in a select sale, he’s “already gone through a filtering system with the pedigree,” notes Finley. “So we definitely put the physical aspect of the buying algorithm in a much higher position,” although they do “rely on pedigree to a certain extent.”

Finley says the team “looks for reasons to buy horses as opposed to not buying horses.” But the final decision belongs to him.

“Another thing I learned in the military,” says Finley. “There’s only one boss. No matter what, in my opinion, you can’t buy by committee and you can’t lead by committee. If you want to have the most productive organization you can, you’ve got to have a leader.”

In the end, Finley compares the process to a craftsman

practicing his trade. There’s an indefinable element.

“Not to be boastful; we’ve been so familiar together,” he says. “Another thing—this is what we do. This is all we do. I’m not running a mutual fund; I’m not training horses. I run a syndicate and a big part of the process is the buying of horses. The clarity of our mission is very important. And that focus has gotten clearer over the years as we’ve learned that all the time we need to look at our core competency.”

In the past, West Point Thoroughbreds has tried its hand at various aspects of the business—pinhooking, a Kentucky bloodstock agency, broodmare management, stallion share arbitrage, among others.

“We got to a point where I said, ‘What are we great at?’ recounts Finley. “Jim Collins’s book *Good to Great [Why Some Companies Make the Leap... and Others Don’t]*—that’s probably what started me. He says really if you want to be great you need to be first or second in that area—either be the market leader or trying to be the market leader. But it doesn’t make sense to be number six or seven, because you can allocate those resources into something that you’re number one at, and you get even better.”

“That’s driven our last five years to a good degree. What we do is we syndicate horses and it’s very straightforward. We’re not trying to change the world and we’re not bringing innovative concepts. Everybody who syndicates horses basically does the same thing. There might be a little variation. But all [racing partnership companies] buy horses and either raise the money beforehand or afterward, and we all campaign horses. In our case, we don’t raise the money beforehand; we raise it afterwards.”

West Point Thoroughbreds “has gotten to the point where very few horses are not at least within our reach,” says Finley. “Some horses get to a point in their auction price where we don’t think they offer a whole lot of value. So that’s something we’ve got to be care-



WEST POINT THOROUGHBREDS

Debbie Finley, a key player on the West Point Thoroughbreds team, runs the company’s central office in Mount Laurel, N.J.

“One of the big things is,” says Finley. “You’re going to lose four out of five times, so I think probably learning how to lose is a big part of it. One of the biggest things we think we do is turn the page. We buy a horse for a lot of money and if he doesn’t turn out, you’ve just got to keep going. If you’re in it for a while, you know how much bad news comes your way. It’s just punishing; this business will punish you.”

“So if you don’t go at it with the right attitude and in the right frame of mind, you start to get nasty, and then you say everybody’s a crook, everybody screwed me. Then you inevitably end up going away.”

“I don’t know if we’ve ever perfected it but we’re definitely working on it. Those are things we’re trying to teach our partners. These are the characteristics or traits that we’ve seen that really helped owners.”

Finley is a strong believer in karma.

“I really think above and beyond most other things, if you have karma in this business you’re ahead of the

game,” he says. “And I don’t hear it brought up much. You don’t always have to agree, and you’re not always going to look at things in the same light. There’s going to be some heated moments. But as long as you deal respectfully and in a professional way, you can get to a point where you agree to disagree.”

“If you start to let things get out of hand, and on top of that you disagree, you’re really setting yourself up for failure.”

As to people who worry about getting too high, or too low—“My take on that is, you can get as high as you want,” says Finley, “you just can’t get too low. To me, it doesn’t make sense because the high times are what keep people coming back to this business. And buying horses year after year. And getting people excited. The Derby and the Breeders’ Cup. That’s what I say to people—get as high as you can. Just don’t get real low. Some people look at that as a trade-off, but all it takes is a little different look at how you deal with adversity.”

ful about. But especially now, with the depressed economy, very few horses are out of our range. When I buy a horse I don't know which group of those 440 clients is going to go in on the purchase. That's the inherent risk that the company takes. The real big risk we have is if we have a dramatic downturn in the economy, say in April or May, and we have a lot of inventory on our books that nobody is buying, then we have a problem."

CLIENTS ARE THE CORE

To become a player in the West Point Thoroughbreds arena typically takes a minimum investment of usually \$10,000 or \$12,000, and the company generally works with clients to put together a plan to buy three or four horses a year.

"They get a piece of this and a piece of that," Finley explains. "That approach is much more beneficial to them and to us vis a vis a person who buys one horse and then says, 'I'll just see how it goes.' Well, most horses aren't what we think. Most horses don't work out. So we suggest to people that they put a portfolio together."

Size of individual syndicates can vary, as Finley points out. "The first couple of people come in, and if they take bigger chunk, it's going to be a smaller group. This past year we've had groups from six all the way up to 18 or 20. We used to have bigger partnerships—now we have bigger players.

"We've had a good number of people who have stayed in the business and done it themselves. Not everybody is a partnership person. People see the benefits of partnerships to start out with, to get their feet wet so to speak."

The opportunity to socialize with other West Point Thoroughbreds clients—spending afternoons together at the races and (hopefully) gathering in the winner's circle, reading the same blogs and exchanging e-mails—is a selling point for many West Point Thoroughbreds clients.

"It's always been about the horses for me," says Dawn Lenert, a communications consultant from Falls Church, Va., whose involvement dates back to 2005. "I never realized the camaraderie would be so important. You're with people from different walks of life, watching these beautiful animals, and screaming your head off together!"

West Point Thoroughbreds also expends considerable energy treating its partners like, well, partners.

George Kappaz, a Potomac, Md., resident who runs a private investment firm, admits he was skeptical when he first bought into a West Point Thoroughbreds partnership a few years ago. "But they cater to us on all levels," he says.

Clients are welcome to stop by David McKathan's M&H Training Center in Ocala, where West Point Thoroughbreds horses go for their early education. A number of clients also attend the sales. Clinics and seminars, featuring experts in various phases of the business, are offered to clients on a regular basis.

"We try to give people who are new to the business or looking to get into the business a sense of what it is to be an insider," says Finley. "That's what we as an industry have to do, because there's so much magic in our business. That doesn't mean taking them to the race track only. That means taking them through different situations that people kind of scratch their heads about.

"We don't assume anything. We ask, 'Do you understand this?' Somebody says, 'Yeah, I know about it.' They don't really know about it. We never try to get you to jump to second or third base. We've got to cover all the bases."

High levels of investment bring added perks for West Point Thoroughbreds partners.

"It's just common economics," says Finley. "If a person is a substantial player he's going to get more time. That's what Goldman Sachs does; that's what any company does. When you're a gold member on an

THE WEST POINT CONNECTION

Officials at the U.S. Military Academy at West Point originally balked at the naming of West Point Thoroughbreds.

"We had to go through a process to prove that we were not representing that there was a tie between us," says

West Point Thoroughbreds founder and president Terry Finley. "We're very clear that they are not endorsing us. As it turns out, it's been a win-win situation. We've brought attention to each other in a positive way."

airline, you get more than if you're in economy class. So if it's a really substantial player we're going to spend as much time as we need to."

STAYING CONNECTED

It's fair to say that West Point Thoroughbreds would not exist as it does today without the technological advances of the last 15 years.

Finley and his team not only make use of a sophisticated data base to assemble and share information on horses and clients, but also use modern means to keep clients in the loop.

The standard win photo (still part of the package) now comes along with an array of other perks: a video of every winning race, a Web site—www.westpointtb.com—that provides access to a video of every race run by a West Point Thoroughbreds horse, videos of horses in training and during various phases of R&R, a bi-weekly "state of the industry" report from Finley, and a weekly e-mail update on each individual portfolio.

Information gathering is the realm of communications director Congie DeVito, who considers himself the "eyes and ears" of the partners. Wheelchair-bound for his entire life, DeVito, 34, was born with osteogenesis imperfecta (also known as brittle bone disease), but graduated Phi Beta Kappa and summa cum laude from Temple University before he began channeling his passion for racing into a career with West Point Thoroughbreds 11 years ago.

In addition, Debbie Finley maintains a strong West Point Thoroughbreds presence on Facebook. And that, in turn,

has opened new vistas in marketing, as Terry Finley explains. When someone signs up on westpointtb.com, the computer program automatically searches for that person on Facebook.

"Without us having to ask too many questions, we can go to the Facebook page and get information on that person," says Finley. "We have the ability to see where people come from. They come from all over the place. You just never know."

CONTINUING TO GROW

Partnership operations, in particular, face a delicate public relations issue when it comes to dealing with horses who can no longer race. And West Point Thoroughbreds, as a high-volume operation, has been challenged to look for viable options.

This year, the company has launched what Finley refers to as a 401-K plan, setting aside a percentage of each syndicate for lifetime care of retirees. Up to now, horses have been adopted out individually for new careers as show horses or pleasure mounts, or sent through Philadelphia Park's Turning for Home program.

"We're getting better and better at it," says Finley.

Actually, you might say the same for West Point Thoroughbreds itself.

Is the company as big as it can get? "That's asked of me all the time," Finley concludes, "and Buzz and I say, 'What's the secret of our success? . . . You've got to keep buying. The system works. If the system didn't work for nine horses, it wasn't going to work for 90 horses. If it works for 90 horses, it can work for 150.'"